



## Executive Council on Integrity and Efficiency

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October 8, 1998

TO: ECIE Members

FROM: Thomas D. Blair  
Vice Chair, ECIE

SUBJECT: Statement on Senate Hearings

The attached statement was submitted to the Senate Committee on Governmental Affairs yesterday in response to Chairman Fred Thompson's request dated September 2, 1998, for comments on hearings held on the occasion of the 20th anniversary of the Inspector General Act of 1978.

Attachment

cc: Chair, PCIE Legislative Committee

**STATEMENT OF**  
**THOMAS D. BLAIR**  
**VICE CHAIR**  
**EXECUTIVE COUNCIL ON INTEGRITY AND EFFICIENCY**  
**PREPARED FOR THE**  
**SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS**  
**HEARINGS ON**  
**SEPTEMBER 9, 1998**  
**WASHINGTON, DC**

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to submit a statement as Vice Chair of the Executive Council on Integrity and Efficiency (ECIE) on the occasion of the 20th anniversary of the Inspector General Act of 1978 (IG Act) and the 10th anniversary of the IG Act Amendments of 1988. As requested, I will discuss three topics: (1) the importance of the relationship between IGs and agency heads in successfully achieving the goals and objectives of the federal government; (2) the ECIE members' views on changes to the IG Act as proposed in S. 2167; and (3) any other statutory changes to the IG Act or oversight issues that would be helpful to the IG community as it embarks on its next 20 years of operations.

The views presented in this statement reflect my views as informed by experiences as Vice Chair of the ECIE and may not necessarily represent the views of any particular ECIE IG nor the views of the Administration. However, to the extent feasible, comments are based on information provided by ECIE IGs in discussions, memorandums, surveys, and other documents.

**1. IG AND AGENCY HEAD RELATIONS**

During the past two decades, government agencies have been changing their operations in an effort to improve the services they provide to the public. The Administrations and the Congresses have initiated many of these changes. Greater emphasis has been placed on strategic planning, annual performance planning, performance measures, program results, and financial information. These changes, which have been initiated primarily through legislation, have a common purpose: To ensure that the public gets what it pays for.

A positive, constructive working relationship between an agency head and the agency's IG is crucial to achieving the agency's goals and objectives. Agency heads are responsible for prudently using the public's money to provide necessary governmental services to the American people. IGs, among other things, are charged with ensuring integrity and promoting the economy, efficiency, and effectiveness of their agencies' programs and operations. To ensure that IGs are able to accomplish their mission, the Congress granted them a substantial amount of independence and authority. The dual reporting responsibilities and the authority assigned produce a natural tension; however, it does not necessarily create an adversarial relationship between agency heads and their IGs. Clearly, the agency head and the IG would better serve the public's interest by working together to achieve the goals and objectives of their agencies.

A wise agency head will see the IG as a resource that can be useful in helping achieve agency goals and objectives. A less astute agency head may see the IG as an impediment to achieving the agency's goals and objectives. Based on discussions with IGs, the vast majority of agency heads have excellent working relationships with their IGs. However, it is the few extreme situations that gain the attention of the media and lead some to suspect that relationships between IGs and their agency heads are fundamentally problematic. Such is not the case.

IGs can be beneficial to agency heads in achieving their goals and objectives by (1) providing leadership, advice, and counsel during the development of new or revised programs and operations, (2) evaluating and reporting on programs and operations, (3) making recommendations to improve the economy, efficiency, and effectiveness of programs and operations, (4) following up on recommendations made to ensure that they are effectively implemented, (5) identifying, reporting, and otherwise reducing fraud, waste, and abuse in programs and operations, and (6) keeping the agency head fully and currently informed regarding fraud, waste, abuse, and mismanagement.

Agency heads can best assist their IGs by (1) making it clear to all managers that they understand and appreciate the positive role of their IG, (2) setting a positive example for managers and staff to follow whenever they need to consider any audit finding or recommendation, and (3) letting their executive management team know that they will actively seek the advice and council of the IG on any significant issue that management team members and the IG cannot resolve independently.

## 2. PROPOSED AMENDMENTS TO THE IG ACT

Results achieved during the past two decades demonstrate the soundness of the IG Act. Most people would agree that the American people are better off by having IGs. However, the IG Act, as is the case with any other major legislation, may have areas where experience over the years demonstrates that adjustments could be made.

Senator Susan Collins introduced the IG Act Amendments of 1998 (S. 2167). The President's Council on Integrity and Efficiency's (PCIE's) Legislative Committee conducted a survey to determine IG views on the draft legislation. The comments of IGs are summarized in

the joint statement submitted to this Committee by Eleanor Hill, PCIE Vice Chair, and Kenneth M. Mead, Chair, PCIE Legislative Committee.

The PCIE Legislative Committee survey sought IG views on five proposed changes to the IG Act: term-limits, external reviews, annual reports, salary increases, and consolidation. Several general conclusions can be drawn from the survey results: Most PCIE and ECIE IGs agreed with four out of the five proposed changes. The one exception was the proposal to consolidate selected designated federal entity OIGs into selected establishment OIGs. Only two out of twenty-five ECIE IGs who responded to the survey concurred with the consolidation proposal.

Several reasons were offered by those IGs that opposed the consolidation clause of the proposed amendment to the IG Act. These IGs believe that consolidation of smaller OIGs is inconsistent with the original intention of the IG Act and will not necessarily enhance smaller OIG independence and effectiveness. They agree that available evidence suggests that oversight at consolidated agencies might be reduced if this provision is enacted into law.

### 3. OTHER PROPOSED STATUTORY CHANGES AND ISSUES

Although some limited adjustments to the IG Act may be warranted, major legislative changes are not needed at this time. In the rare instances where issues and concerns have been identified, they often relate to the administrative skills and management styles of IGs and their agency heads, not to flaws in the IG Act. A number of individual ECIE IGs have raised specific issues for discussion including: (1) granting full law enforcement authority to additional OIGs, (2) extending the application of the Program Fraud Civil Remedies Act to additional OIGs, (3) requiring advance notice of removal of an IG, (4) clarifying that removal of an IG should only be for cause, (5) providing additional OIGs with line item budgetary authority, (6) standardizing some IGs salaries and seeking parity with others, and (7) defining "general supervision," as used in the IG Act, more clearly. These are simply ideas raised by some ECIE IGs. Neither the ECIE, as a council, nor the Administration have taken a position on these issues.

Mr. Chairman and Members of the Committee, this concludes my statement. If you, Members of the Committee, or your staffs would like additional information please let me know.